



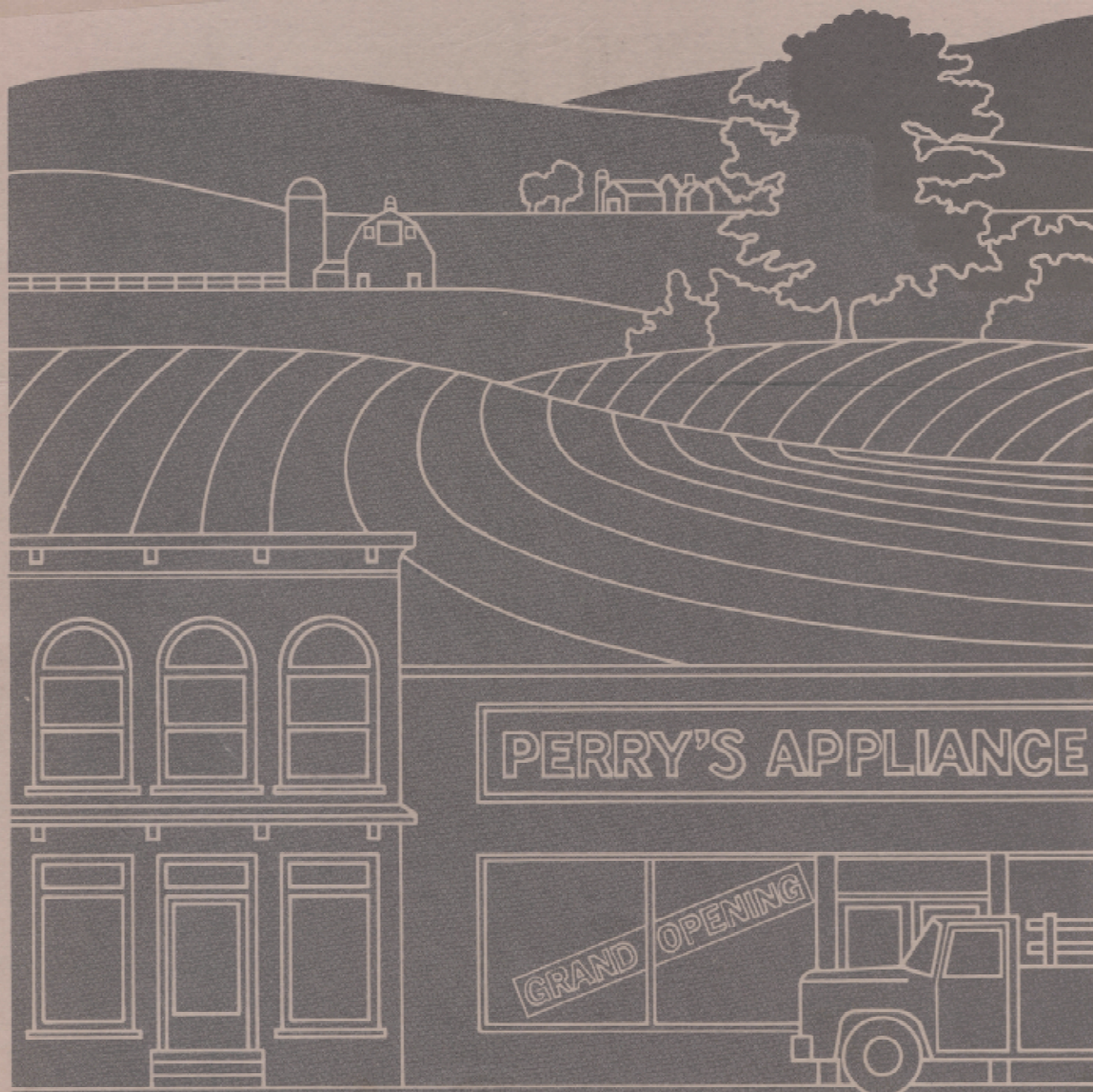
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Rural Communities And The American Farm

A Partnership For Progress



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United States
Department of
Agriculture

Office of
Rural Development
Policy

Rural Development and the American Farm

A Partnership for Progress

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Department Of Agriculture
Office Of The Secretary
Washington, D.C. 20250

April 13, 1984

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I am pleased to submit the 1984 rural development strategy report, *Rural Communities and the American Farm: A Partnership for Progress*, for presentation to the Congress as required by the Rural Development Policy Act of 1980.

As we approach the conclusion of this century, we find evidence that a strong agriculture depends on a strong rural community. Today the average farm family depends on income derived off the farm for two-thirds of their total annual earnings. We must use existing Federal tools to strengthen this partnership between the 5.6 million farm family members and their 54 million nonfarm neighbors because the success of one group relies on the success of the other.

To help both prosper, this report encourages the development of farm-related and other rural enterprises. Improvements in technical and managerial assistance to rural governments and better means of coordinating Federal rural development efforts are also suggested.

A Partnership for Progress reflects the continuing consultation of the National Advisory Council on Rural Development and the advice of many other rural citizens and elected officials.

We believe the new report presents an important perspective on rural conditions, and it is submitted with the intent that the partnership for progress in rural America will include not only farms and rural communities but every level of government and private enterprise as well.

Sincerely,


JOHN R. BLOCK
Secretary

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Executive Summary

The most striking fact to emerge from a year of intensive study of rural America is this: over a million American farm families depend on off-farm sources for a large portion of their annual income.

Most of that off-farm income is derived from other rural enterprises. Thus, the very economic survival of these American farm families depends heavily on the vitality of the nonfarm rural economy.

This report will suggest a new partnership for progress between the rural community and the American farm—a partnership in which these long-time rural neighbors can help meet each other's special needs and fulfill each other's special potential.

In addition, new methods of bringing technical assistance to rural communities will be addressed, and more effective means of Federal assistance for rural development efforts will be recommended.

Accomplishments In Rural Development

Better Country: A Strategy for Rural Development in the 1980's was submitted to the Congress in February 1983 and represented the first significant effort by the Federal Government to view the special concerns of rural America with special care.

A year later, progress ranging from a dramatic improvement in the national economy to the creation of highly specialized development initiatives has benefited millions of rural Americans.

The national rates of inflation, interest, unemployment, and taxation were reduced substantially in the past year, and America's economic output is greater today than ever before. Though the recession of recent years hit rural America particularly hard, recovery in rural America has been particularly strong, as well.

Better Country asserted that the true authors of rural progress must be rural Americans themselves, and that policy report pledged to provide improved technical and other assistance to rural governments throughout the Nation. In 1983, this assistance included:

- preparation of a Rural Resources Guide;
- sponsorship of rural government training conferences;
- an intergovernmental rural experiment in "negotiated investments" for community development;
- new attention to the potential of rural exports;

-
- creation of nonprofit Certified Development Companies to extend the reach of Small Business Administration programs in rural America;
 - support for the innovative “Main Street” community development concept devised by the National Trust for Historic Preservation;
 - greater rural participation in the Urban Development Action Grant Program and Small Cities/Community Development Block Grant Program;
 - increased technical assistance on rural transportation;
 - progress in establishing Federal Enterprise Zone legislation;
 - a new job training program that can be tailored to rural circumstances;
 - an experiment in “homegrown” development of new products and technologies in rural America;
 - new efforts to increase the availability of rural credit;
 - a Rural Education Policy prepared by the U.S. Department of Education;
 - improved rural data collection;
 - a Rural America Review newsletter; and
 - new initiatives in rural voluntarism.

A Partnership For Progress The American farmer’s dependence on “off-farm” income has increased from 42 percent of total income in 1960 to more than 60 percent today. Nearly half of all American farm operators reported in 1978 that their primary occupation was something “other than farming.”

Because off-farm income has become so critical to the farmer’s economic survival, and because agricultural production remains so vital to the rest of the rural economy, an economic partnership between the farm and the rural community has become essential to the progress of both these rural institutions. More effective use of existing Federal assistance will enhance this partnership.

To help strengthen and expand the partnership between the farm and rural community, several steps will be taken:

- Farmers Home Administration field offices will supply rural entrepreneurs with information on Small Business Administration programs that may be useful in the development of new rural businesses.
- A greater effort will be made to provide Government-sponsored technical and management assistance to rural, as well as urban, enterprises.
- An information exchange on innovative, small-scale rural business opportunities will be established by the Department of Agriculture.
- The Department will specifically include in its future analysis of farm policies their potential impact on the nonfarm rural economy and on rural communities.

Strengthening The Rural Community

Recent studies of such rural community facilities as public water supplies, waste treatment operations, hospitals, and housing confirm that substantial progress has been made in rural living conditions in recent years. But strengthening the rural community also involves strengthening the rural leader's capacity to lead, and that in turn requires the well-coordinated effort of every Federal agency engaged in rural development.

To better assist rural community leaders in meeting the new challenges before them, the following steps will be taken:

- Additional management and technical assistance will be provided through a national volunteer program involving retired public service employees.
- The Federal Government will, on a pilot project basis, assist States and local rural governments in developing methods for making comprehensive assessments of local transportation conditions and needs.
- The Rural Electrification Administration will conduct a rural impact study to assess the potential effects of changes in the structure of the telephone industry on all rural people and forward the study to the Federal Communications Commission for their review.
- To help improve the management and protection of rural natural resources, the Department of Agriculture will spend a greater share of its conservation budget on soil erosion control, flood protection, and water conservation.
- The Department of Agriculture will provide technical assistance for Federal and local participation in farmland protection programs.

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- The Department of Agriculture will encourage greater participation by young people and other volunteers in rural conservation projects.
 - To improve coordination of governmentwide rural development efforts, all Federal agencies whose policies and programs affect rural areas will be asked to submit reports to the Department of Agriculture describing their work on behalf of rural America.
 - To help ensure that rural considerations are accounted for in all relevant Federal actions, a rural affairs staff position will be designated in all appropriate Federal agencies.

Introduction

The most striking fact to emerge from a year of intensive study of rural America is this: over a million American farm families depend on off-farm sources for a large portion of their annual income.

Most of that off-farm income is derived from other rural enterprises. Thus, the very economic survival of these American farm families depends heavily on the vitality of the nonfarm rural economy.

Farm income is volatile. Off-farm income helps stabilize farm family income in difficult times. The severe season of farm drought in 1983, for example, made dependence on other income sources all the more pronounced. As Secretary of Agriculture John R. Block has said, "the future of farms and the future of rural communities are inextricably linked."¹

The rural development policy statement presented to the Congress in 1983, entitled *Better Country: A Strategy for Rural Development in the 1980's*, concentrated on the phenomenon of a new migration from urban to rural America, on the progress and new challenges which this migration has brought to rural America, and on the ways in which Federal policy should encourage rural America's growing economic diversification and political sophistication.

As that report noted:

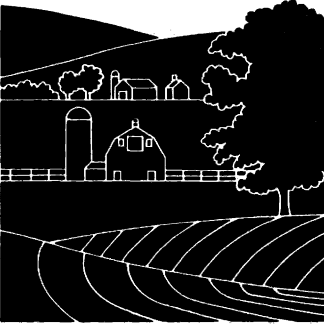
After a century of decline, many areas of rural America have experienced remarkable revitalization in the last decade. The population of rural and small town America grew more than 50 percent faster than that of urban America in the 1970's, and more than 80 million people (including more than 20 million within statistical areas officially designated "metropolitan") now call rural America home.

This year's report finds much has been accomplished in the service of this "new" rural America. But, just as rural America is changing, the policymaking process itself is an evolutionary one. This report will go beyond the framework of its predecessor to suggest a new partnership for progress between the rural community and the American farm—a partnership in which these long-time rural neighbors can help meet each other's special needs and fulfill each other's special potential without any additional commitment of Federal funds.

In addition, new methods bringing technical assistance to rural communities will be addressed, and more effective means will be found to make use of existing Federal assistance for rural development.

¹Extemporaneous remarks, Rural Development Leadership Conference, Des Moines, Iowa, September 30, 1983.

Accomplishments in Rural Development



The 1983 rural development policy report, *Better Country: A Strategy for Rural Development in the 1980's*, was the first major effort undertaken by the Federal Government to deal in special ways with the special needs of rural America—its people, its economic potential, its social and physical requirements, its governmental systems, its family farms, and its unique resources.

In addition to defining a philosophical approach to rural development and proposing ten practical policy initiatives, *Better Country* sought to bring rural America out of the shadows of misconception and neglect and into the light where its problems, progress, and potential could be seen more clearly by policymakers and the American public.

It is too easy—and it is wrong—for an urban nation like the United States to see its rural regions as mere rustic relics of the past. Agriculture and its attendant industries alone account for one-fifth of America's total output of goods and services, and the rural economy—which in recent years has diversified far beyond its farming base—produced new jobs at a faster rate than did the urban economy in the decade of the 1970's.

The rural population is also growing faster than the urban population, and there remains a distinct and well-documented personal preference among the American people for rural life with all its advantages, even as we approach the 21st century.

In the very act of paying special attention to rural America, then, this Administration has given rural development policy a priority it has not enjoyed in decades. Moreover, the practical initiatives proposed in the 1983 report have already begun to produce results.

In submitting that report to the Congress, Secretary Block said:

The fundamental premise of this strategy is that local and State governments have the right—and should have the authority—to decide how public resources should be spent in rural America. The Federal role becomes one of support rather than direction, and the agenda for action is set principally by rural citizens themselves.

General Economic Progress. The most important means of that support has been the Administration's Economic Recovery Program, which has brought dramatic economic progress to rural and urban America alike.

When this Administration took office, the annual inflation rate in the United States was 13.5 percent. In 1983, it was 3.2 percent, the lowest in 12 years.

The prime interest rate stood at 21.5 percent. Today it is slightly less than 10 points lower.

Americans were being taxed at the highest rates in peacetime history. Today those tax rates have been reduced by 25 percent.

The national output of goods and services is higher today than ever before.

More than 103 million Americans are working today—a national employment record.

In 1983 their productivity increased at the fastest rate since 1976.

And their purchasing power rose 4.1 percent, the highest increase since 1977.

Rural America, which had been more severely affected than urban America by the 1980-82 recession, has also shown signs of more rapid recovery in the past year. Between the first and third quarters of 1983, for example, the number of jobless people in rural areas declined by 20 percent, as compared with a decline of 14 percent in urban areas.

In addition to benefiting from this strong general economic recovery, rural communities also benefited from several specific Federal rural development initiatives during the year. Many of these initiatives were taken by the Department of Agriculture in fulfillment of its *Better Country* pledges. Other initiatives were taken by other Federal departments and agencies, State and local governments, and private enterprise.

The past year has seen a continued Federal commitment to restore the authority of local and State governments over their own affairs. Several steps promised in *Better Country*, among others, have assisted in this restoration.

Rural Resources Guide. A national catalog of rural assistance programs—public and private, financial and technical—has been prepared and will be available from the U.S. Government Printing Office (Superintendent of Documents) in the summer of 1984.

The 400-page, loose-leaf guide describes the kinds of assistance available from each of several hundred government agencies and private organizations; and lists a contact person, telephone number, mailing address, and eligibility and application guidelines for each type of assistance.

Rural Governments Training Conferences. The Department of Agriculture, in cooperation with the Rural Governments Coalition, sponsored a series of training conferences for rural government officials in 1983. The session addressed such issues as financial management, liaison with State governments, managing natural resources, and transportation of hazardous wastes.

Manuals on each of these and several other topics of interest to rural officials have been prepared by the Rural Governments Coalition and are available from any of these members: the National Association of Towns and Townships, the National Association of Counties, the National Association of Development Organizations, and the National Association of Regional Councils.

Negotiated Investment Strategy. The Negotiated Investment Strategy, as conceived by the Charles F. Kettering Foundation, brings together teams of local leaders with State and Federal officials to deal as equal partners with a community's specific needs and to negotiate such complex issues as regulatory restrictions and duplication of services. Once the three teams—local, State, and Federal—have agreed on priorities and specific responsibilities with the assistance of an impartial mediator, the parties prepare and sign a formal investment strategy and agree to work toward meeting their commitments. The agreement contains procedures and guidelines for its implementation. Its intent is to fix responsibility and establish a timetable for commitments from all parties.

The first rural Negotiated Investment project, cosponsored in 1983 by the Department of Agriculture and the Office of Management and Budget, involves the Cherokee Nation and Adair, Sequoyah, and Cherokee Counties in Oklahoma; a team representing the State of Oklahoma; and representatives of 11 Federal departments and agencies. The negotiating sessions are scheduled to begin in April 1984.

In addition to these efforts to strengthen the role of local and State governments in rural development, the past year has seen a new concentration on rural affairs within the Federal Government itself.

This new emphasis has ranged from creation of a special task force of the Rural Development Committee Working Group to help coordinate USDA rural development initiatives, to new administrative efforts by the Farmers Home Administration to work more closely with the private sector in financing rural growth, to rurally oriented conservation programs in the Department of the Interior and the Environmental Protection Agency.

Major Federal initiatives included:

Rural Exports. The Small Business Administration (SBA) and the Export-Import Bank of the United States (Eximbank) have begun outreach programs to inform small businesses in rural America about the availability of financing for export sales. These agencies are also developing new programs to provide working capital to help smaller companies finance preshipment and foreign marketing operations.

Eximbank has changed its definition of a "small business" to conform with SBA guidelines and thus increase the number of rural and other small businesses eligible for export-import assistance.

The SBA has undertaken several large mailings to American banks—including thousands of regional and local banks in rural America—encouraging the use of its Export Revolving Line of Credit program. This SBA loan program can guarantee up to 90 percent of a bank line of credit to a small business exporter.

The Department of Commerce's International Trade Administration has also taken specific steps to provide rural firms with information on export trading companies.

The Department of Agriculture (USDA) has initiated a major effort to increase the sale of high-value and value-added agriculture products to foreign markets. Growth in such exports would not only significantly increase our gross national product but also create new jobs and improve our balance of trade. To encourage growth in exports, the High-Value and Value-Added Export Incentive Program has been established to provide private companies with financial assistance for long-term promotional expenses. In addition, assistance is planned for food manufacturing, trade association, and State officials across the country to help them develop their export opportunities. Programs for interested company officials on the services and funding available to exporters through the USDA's Foreign Agricultural Service are also among the services planned for company officials interested in increasing their sale of high-value products overseas under this initiative.

Certified Development Companies. The Small Business Administration has approved the creation of more than 400 Certified Development Companies (CDC's)—nonprofit organizations which expand SBA's technical assistance programs in rural areas and increase the number of small rural enterprises participating in all SBA programs. A certified development company is directed by community leaders and managed by an executive director and small staff that provide assistance for loan packaging, processing, closing, and servicing.

Loans up to 40 percent of the total cost of fixed asset projects are provided in the form of subordinated debt to SBA. CDC's then work with the loan applicant to secure 90 percent long-term financing through public and private sources at below-market rates.

Main Street. The Department of Agriculture (USDA) has joined the National Trust for Historic Preservation in a program to restore the small towns of rural America as centers of new commercial growth.

Through an agreement with the National Endowment for the Arts, USDA is supporting the National Trust's Main Street program—an innovative approach to economic development which has helped restore the architectural beauty, commercial activity, and tourist interest in the central business districts of dozens of small American towns.

In the past three years, Main Street projects in more than 60 communities in six States have attracted over \$125 million in private investment and helped initiate more than 450 new downtown business ventures.

Funds from the Office of Rural Development Policy will help underwrite training seminars and instructional materials for rural government leaders and private investors seeking to bring Main Street success to hundreds more rural communities. The seminars will include a nationwide training institute in 1984. The instructional materials will include videocassette teaching programs.

Rural Participation in the Urban Development Action Grant Program. A study by the U.S. General Accounting Office found that 73 percent of eligible rural and other small cities were unaware of the Urban Development Action Grant (UDAG) program and its 25 percent "set-aside" fund for communities of less than 50,000. Between 1978 and 1982, only 8 percent of such small communities applied for UDAG grants for commercial, industrial, and neighborhood economic development. In response, the Department of Housing and Urban Development has mailed informational material on the UDAG program to the chief executive officers of 10,000 rural and small towns throughout the Nation and conducted aggressive outreach to assist small cities. As a result, a record number of UDAG grants have been awarded to small towns in 1983, reflecting a growing prominence for rural and other small communities in even the most urban oriented of all Federal departments.

Historically, the problem with small city UDAG applications has not been in the number received, but in the quality. While UDAG is designed to encourage private investment through joint public-private projects, most applications lacked firm private sector commitments and, therefore, could not be funded. To correct this situation, HUD has been conducting technical assistance efforts, including State-sponsored conferences and workshops, to assist eligible small cities in meeting selection criteria and producing fundable applications. These efforts are beginning to pay off.

During fiscal year 1983, HUD announced 241 small cities projects totaling \$170.3 million in UDAG funding, significantly more than the 25 percent (\$110 million) mandated set-aside for small cities. During the first two funding rounds of fiscal year 1984, more technically fundable applications were available than funds.

Rural Participation in the Small Cities/Community Development Block Grant Program. In 1981, States were given the opportunity to administer the nonentitlement portion of the Community Development Block Grant (CDBG) program—that portion providing funds for small rural communities. In 1982, 37 States took advantage of that opportunity; in 1983, 47 States did so. The States administering the program have placed an emphasis on reaching out to the smaller, more rural communities to encourage their participation in the program. Indications are that the States have been successful in this effort. Many States have found creative ways to accomplish this, including

establishing set-aside provisions dedicating certain CDBG funds exclusively for use by smaller communities and providing intensive technical assistance and guidance to such communities. The States have also refocused the program on the need of small communities for basic water and sewer facilities.

Technical Assistance in Rural Transportation. The responsibility for maintaining the rural road system is shared by the Federal, State, and local levels of government, with the primary responsibility being at the local level. A challenge for rural officials is to develop ways to do a better job of maintaining the existing road system with the limited resources available to them. Most local rural governments have very few people trained in technical areas such as planning, highway engineering, and fiscal management.

The Rural Technical Assistance Program (RTAP) was established by the Federal Highway Administration (FHWA) of the U.S. Department of Transportation in 1981 to provide technical assistance to aid local officials and agencies making transportation decisions. Designed specifically to help rural areas meet the growing demands placed on their rural roads and bridges, last year RTAP was expanded to include 14 technology transfer centers that distribute materials, answer questions, and conduct special training sessions.

Rural Enterprise Zones. In last year's strategy, *Better Country*, this Administration said it would "press for Enterprise Zone legislation with a rural component." It has done just that, and progress has been made toward passage of an Enterprise Zone bill that calls for one-third of the 75 designated zones to be in rural and small communities. This Enterprise Zone bill passed in the Senate in June 1983, and had 245 co-sponsors in the House of Representatives by the end of December 1983.

In the meantime, 22 States have passed their own Enterprise Zone legislation and are setting up enterprise zones in their jurisdictions. Early results from these efforts are quite encouraging. There seems to have been some success in creating and saving jobs and revitalizing the areas themselves.

Rural Job Training. The successor to the Comprehensive Employment and Training Act, the Job Training Partnership Act (JTPA), offers rural areas unprecedented local control over this important phase of economic development. Rural communities now have the opportunity to join forces with one another and coordinate training programs tailored to local circumstances: the kinds of jobs locally available, the special skills and needs of the local labor force, and the best use of local training institutions and personnel.

In addition, local JTPA programs will have preset funding levels for an unprecedented 21-month period, rather than the normal 12-month funding cycle, enabling program

administrators to plan more stable and innovative training procedures. Greater participation by the private sector and a new system of performance standards should also enhance the new job training program's effectiveness.

The Department of Labor has taken several actions to encourage small city participation in this new training program. Working with the National Conference of Black Mayors (NCBM), whose membership generally comes from small cities and rural towns, the Department hopes to improve access to job training programs and promote innovative public/private partnerships in economic development in the communities these mayors represent. As part of this effort, a symposium was held to brief the black mayors on the new job training act and its implementation in rural communities. The National Conference has also been invited to join the JTPA Advisory Panel, a group that meets with top Department officials to review job training issues and formulate future plans. Participation in this panel gives these mayors an opportunity to influence Federal job training policy on a regular basis.

Rural Entrepreneurship Development. An innovative project was established in rural southeastern Oklahoma to create new and expand existing small business enterprises in rural America through the "homegrown" development of new products and technologies, rather than by importing jobs and plants from outside industry. This experiment, organized by Rural Enterprises Inc., with support from the Department of Agriculture, provides facilities, equipment, and training to help "incubate" new rural enterprises.

Rural Credit. Nothing is more critical to rural economic development than an adequate supply of credit with reasonable terms. While the Department of Agriculture has traditionally been active in this important field—through the programs of the Farmers Home Administration, the Rural Electrification Administration, and other agencies—better coordination of these programs with other Federal credit efforts and with private lenders may significantly improve the availability of rural credit.

An Ad Hoc Committee on Agriculture Credit was formed by the Secretary of Agriculture in 1982 to improve coordination of public and private credit assistance for rural areas. The committee, including representatives from the American Bankers Association, the Independent Bankers Association of America, and the Farm Credit System, has been asked to recommend ways of expanding credit opportunities for off-farm rural development and of increasing the level of deposits in rural banks.

These banking associations have also joined the Department of Agriculture (USDA) in planning a system of "certified lender" banks which will be eligible to handle USDA-guaranteed loans. While providing more efficient loan service in rural areas, the new system is also expected to reduce demand for direct Government loans, ease the case-load in Farmers Home Administration county offices, and offer greater lending opportunities to rural banks.

USDA has also begun a program of interagency cooperation to improve the "delivery system" for rural credit. Under this new program, USDA field offices will provide information on Veterans Administration (VA) and Federal Housing Administration (FHA) home loan programs, as well as administering USDA's own Farmers Home Administration programs. In addition, housing subdivisions approved for credit by any of these agencies—USDA, VA, or FHA—will automatically be eligible for loans from the other two agencies, effective January 1, 1984.

A new effort to locate national sources of capital for rural development projects has been initiated by the Boston-based Financial Advisory Service, a private concern supported by a grant from the U.S. Department of Housing and Urban Development.

The Advisory Service serves as a clearinghouse for a nationwide network of banks providing financial assistance for community and business development projects. This program may prove particularly useful in small rural communities where insufficient lending capital and conservative lending practices may impede development efforts.

Rural Education. In August 1983, the U.S. Department of Education issued a Rural Education Policy for the 1980's which promised that "rural education should receive an equitable share of the information, services, assistance, and funds available from and through the Department of Education."

Several steps have already been taken to ensure that this policy goes beyond rhetoric to reality:

- Federal education regulations are being closely examined to reduce the complexity of criteria for rural funding, application, and reporting procedures.
- Personnel will be provided to coordinate research on effective practices and characteristics of rural education programs.
- Rural institutions will be included in demonstration and pilot projects of the Department.
- Consulting and technical assistance will be provided to rural, as well as urban, educational agencies.

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- Assistance will be given to rural educators and administrators for developing out-reach and volunteer programs to involve parents, civic groups, and the private sector.
 - Rural education data will be expanded, and information on school curriculum, organization, personnel, and support services will be more comprehensively provided in rural areas.
 - A National Rural Education Conference will be held in Washington in June 1984.

Rural Data Collection. One of the principal findings of *Better Country* was that specific information on conditions in rural America is often sorely lacking. This scarcity of data masks both the problems and the progress of rural America, and frustrates development efforts in the process.

The Economic Development Division of USDA's Economic Research Service is cooperating with the Office of Rural Development Policy in exploring the rural dimensions of four major data sources: the Current Population Survey, the Census of Governments, the Survey of Income and Program Participation, and the Annual Housing Survey. A task force will examine possible changes in survey questions, population samples, report formats, and publication intervals to determine if a clearer statistical view of rural America is possible.

The U.S. Bureau of the Census is conducting a campaign to emphasize the availability and value of data centers operated by State governments and community leaders because they offer not only wide-ranging statistical information but also personal assistance in locating specific facts and data resources.

Rural America Review. Because the dissemination of rural information is as important as its accumulation, the Office of Rural Development Policy has made plans to publish a new quarterly newsletter—the Rural America Review—dealing with rural issues, problems, and success stories. The newsletter will serve as an informational link between rural officials at the State and local levels and those at the Federal level. Rural America Review will solicit comments and opinions on new programs and research of importance to rural leaders.

Rural Voluntarism. The tradition of voluntarism in community service is very strong in rural America, and that constructive tradition has been measurably enhanced in 1983.

One such volunteer program is "Building Our American Communities (BOAC)," a joint effort of the Future Farmers of America, R. J. Reynolds Industries, the Department of Education, and USDA. The BOAC program aids in community restoration and beautification.

Rural conservationists enlist volunteers to assist in multicounty conservation planning, improvement of wildlife habitats, natural resource management, and water sports and recreation.

The "Touch America Project," a volunteer conservation program begun in 1983 is designed for young adults with an interest in forestry. U.S. Forest Rangers select projects for volunteer participation, and private sponsors arrange for recruiting, training, transporting, and supervising the volunteers.

The Food and Fitness Campaign, also begun in 1983, is a joint effort of USDA and private sector volunteers to provide information to the public on food, nutrition, and exercise.

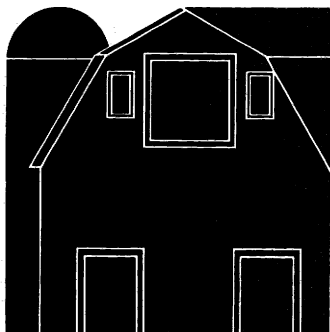
Other USDA programs solicit volunteer assistance with agriculture fairs, energy conservation for the elderly, agricultural products, construction of community facilities, and various educational and technical assistance projects.

All of these initiatives—from the national spending and tax policies of the Economic Recovery Program to the generous work of the rural volunteer—are helping to make rural America the "better country" which the 1983 policy report envisioned.

But the work is far from finished. Much remains to be done to improve opportunities for rural business enterprises, technical assistance to rural governments, natural resource management, and the Federal role in rural development. Other segments of *A Partnership for Progress* will deal with these issues in greater detail.

Still, the revitalization of rural America is as much a fact of life in the 1980's as its decline was in the 1940's and 1950's. The fact that this new rural growth is helping the American farmer survive—and that the farmer has in turn become one of the most versatile members of the rural economy—has important implications for future rural development efforts, as the next chapter will confirm.

Rural Development And The American Farm: A Partnership For Progress



There are some 2½ million farms in this country, ranging from dairy farms of a few acres to cattle ranches as big as some States. Annual income on these farms ranges from less than nothing to more than a million dollars.

But whatever the size or the wealth or the principal product of American farms, fewer and fewer farm families rely for their income on agricultural production alone. Dependence on “off-farm” income has rapidly increased during the last quarter of a century, rising from 42 percent of total farm family income in 1960 to more than 60 percent today.

Studies show that farm families with annual farm sales of \$40,000 to \$100,000 earn 66 percent of their total yearly income from off-farm sources. Farm families with less than \$40,000 in annual farm sales derive essentially all of their income from sources other than farm production. Many farmers with sales of less than \$20,000 annually are deliberately and permanently part-time farmers and are virtually full-time workers elsewhere in the rural economy.

These circumstances stand in sharp contrast to those of farms producing more than \$500,000 in annual sales. These farms represent only 1 percent of all American farms, yet they generate about 30 percent of all American farm sales. They, too, rely on “off-farm” sources for a portion of their annual income, but this off-farm income is usually produced through such enterprises as investments, rent, and stock dividends, rather than through salaries or wage-earning work.

According to the 1978 Census of Agriculture, 46.5 percent of all American farm operators reported that their principal occupation was something “other than farming.” This percentage represented a 10-point increase over a similar survey taken just four years earlier.

Well over half of all American farm families now supplement their farm income by working off the farm.

Two-thirds of the farm families with less than \$20,000 in annual sales report working off the farm. Ninety percent of the operators of these farms and 70 percent of their spouses report working 35 or more hours a week at off-farm jobs, in most cases 50 or more weeks a year.

All of these figures point to new conditions in American farm life that have important implications for rural development policy:

- Part-time farming is no longer a transitional stage during which farmers and their family members take off-farm work on their way into or out of full-time farming. Instead, such part-time farming has come to represent a permanent and important part of a stable, multijob rural career.

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- Farms with less than \$40,000 in annual sales, a group in which most of the farm families report *outside* jobs, comprise just over 70 percent of all farms.
 - Farms with annual sales between \$40,000 and \$100,000 may be candidates for economic extinction before the decade of the 1980's is out. Farms will either be larger or smaller, as the demand of daily farm operations and the need for substantial outside income on farms of this size are increasingly incompatible.
 - By the end of this decade, the share of farm family income derived from off-farm sources will significantly exceed the current amount of about two-thirds.
 - Off-farm income helps stabilize total farm family income, since income from farming can fluctuate significantly from year to year.
 - Encouraging more private sector job opportunities and more attractive rural investment opportunities for farmers thus become clear and urgent objectives of rural development.
 - Given all these facts, the American farm and the vital rural community must move forward together. In many rural areas, one cannot succeed without the other. A strong working partnership can mean progress for both.

While the farm remains the strong foundation of rural life in America, the decade of the 1970's brought a broad economic diversification to rural regions, as documented in *Better Country*. In light of the new information detailing the growing dependence of farm families on nonfarm income, this diversified economic growth in rural America must be continued and expanded.

Such expansion, of course, can help not only the part-time farmer but also the urban refugee who wishes to enjoy the pasture without owning the cow. Millions of urban Americans have, in recent years, begun to migrate from the cities to the countryside in search of cleaner air, less congestion, a simpler and less stressful life, an opportunity to create a new enterprise, or any one of a thousand other reasons.

The benefits to rural communities from this migration have been manifold: a larger and broader tax base, more resources for improving public facilities and services, and a new social and economic vitality too rarely seen in rural America since the 1920's.

As *Better Country* noted, opinion surveys since that time have routinely revealed a distinct preference among Americans for the rural over the urban lifestyle—even as an exodus from the country to the city was in progress.

It is extremely important, then, that rural development means something other than simply paving over the American farm, fields, and forests. But neither can rural development be confined to a farmer's market and a general store. There is a balance to be struck, and finding that balance is the aim of this Administration's rural development efforts.

Encouragement of Farm-related Enterprises. For some farmers, the ideal way to supplement farm income is to start a separate business venture that capitalizes on their immediate surroundings. Such a venture could be as simple as a roadside produce stand or as elaborate as a food processing plant. Souvenir shops and boating, fishing, swimming, camping, and hiking recreational facilities are among the many commercial possibilities in between.

Enterprises owned and operated by farmers can enhance the value of the farm and help stabilize farm income and cash flow, breaking the "boom and bust cycle" that plagues many farm operations. Under existing authority, select FmHA loans can be made to help farmers combine farming with other farm-related enterprises. Even better use of these farm ownership and farm operating loans can be made to achieve the goal of stabilizing and improving farm income.

Beyond the farm, the opportunities for business development and off-farm employment in rural America are greater today than ever before. With the physical location of rural consumers as broad as their urban counterparts, and with the purchasing power of rural residents on the rise, the range of businesses that can succeed in rural America is expanding as well.

Data processing—for everything from a computerized farm ledger to a regional insurance center—is only one example of a clean, high-technology industry perfectly suited to the rural environment. There are many more.

Several Federal agencies—including the Small Business Administration (SBA), the Department of Commerce, and the Department of Housing and Urban Development (HUD)—have programs that provide credit for such private business initiatives. These programs tend to be underemployed in rural areas due to lack of information and accessibility.

In the past year, efforts have been made to increase rural participation in HUD and SBA business development programs. More of the small town set-aside funds in HUD's Urban Development Action Grant program were used in 1983 than in any previous year. But rural access to SBA assistance remains a problem.

To encourage greater use of Small Business Administration (SBA) programs by rural entrepreneurs, the field office network of the Farmers Home Administration (FmHA) will provide rural investors and business managers with information on SBA programs that may be useful in the development of new rural businesses.

The FmHA field personnel will thus provide a new outreach for the SBA, whose rural delivery system is not nearly as extensive as that of FmHA. Through its financial assistance programs, participation in local and statewide development companies, and licensing of small business investment companies, the SBA serves small business everywhere in America.

Its offices, however, tend to be located in urban areas. A rural extension of the SBA programs through FmHA would require almost no additional revenue, would efficiently use an existing delivery system, and would, with little effort, provide rural enterprises with much improved access to useful development information. As part of this effort, the relationship and distinctions between FmHA programs and similar programs of the Small Business Administration will be clearly delineated to encourage maximum appropriate assistance and minimum duplication of effort from both sources.

Technical and Management Assistance for Rural Entrepreneurs. Separate from financial and credit assistance, some rural entrepreneurs need technical and management assistance to help them deal with the broad range of activities that go with running a business—preparing balance sheets, analyzing markets, establishing purchasing procedures, developing new products, and a great deal more.

Many small town business people have had no formal management training, and they often run very small companies with no access to corporate or trade association training programs. Technical and managerial assistance is particularly important to new entrepreneurs with great ideas and enthusiasm but little practical experience.

To support the development of off-farm employment and entrepreneurship in rural communities, a greater effort will be made to ensure that Government-sponsored technical and managerial assistance programs serve rural enterprises.

One source of technical and management assistance with a traditionally rural focus is the Cooperative Extension Service, an extension of the land-grant college system jointly funded by Federal, State, and county governments. The Service has a very strong history of helping farmers with technical agricultural issues and helping local officials with their technical problems. Some assistance is already being given to rural entrepreneurs by the Extension Service, but these initial efforts must be expanded.

Such expanded Extension Service assistance to rural entrepreneurs has recently been recommended by a national-level joint committee of USDA and the National Association of State Universities and Land-Grant Colleges², and by the Extension Committee on Organization and Policy³.

In addition to the Extension Service efforts, the Small Business Administration, the Minority Business Development Agency, and the Department of Education have programs that provide managerial and technical assistance to business enterprises and entrepreneurs.

While these are national programs, urban areas have made greater use of them because they are more readily available there. To address the need for managerial and technical assistance in rural as well as urban areas, an effort will be made to reach out to more rural enterprises and entrepreneurs.

To further encourage the dissemination of information on possible new private sector ventures in rural areas, an information exchange on innovative, small-scale rural business opportunities will be established by USDA.

The exchange will provide persons interested in establishing small businesses with easily accessible information on what others in the same position—farmers, professionals, and similar groups—have done to create their own business enterprises.

Many rural communities remain clearly dependent on agriculture for their economic and social health. For many others, agriculture remains a significant, if no longer dominant, economic force. In all such communities, changes in agricultural policies have not only a direct effect on farming but a “ripple” effect on other community enterprises as well.

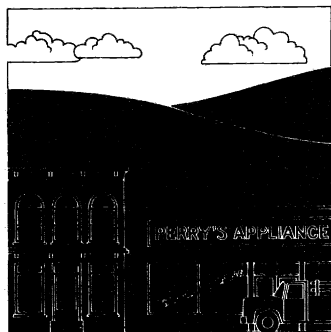
To encourage better coordination of agricultural policy and nonfarm rural development, the Department of Agriculture will specifically incorporate in its decisionmaking process an analysis of the potential impact of farm policies on the nonfarm sector of the rural economy.

While this analysis will not dictate policy decisions, it should nevertheless highlight the interdependence of the farm and the rural community to an unprecedented degree.

²Extension in the 80's: A Perspective for the Future of the Cooperative Extension Service.

³Direction Statement for Extension Community Resource Development Programs in the 80's.

Strengthening The Rural Community



With all the natural and manmade problems that have beset the American farm in the last several years, it is heartening to discover that most rural communities have begun to thrive again after years of decline.

Though progress has been far from uniform—and though the recent recession hurt—there is no doubt that much of rural America has experienced unprecedented population and economic growth in the past decade.

The challenge now is to sustain this growth and extend it to the rural communities which have been left behind, and to do so in a way that preserves the essence of rural life—the clean environment, the rustic charm, and the friendly spirit that make rural America so attractive to so many.

In the past, community development efforts have concentrated on the provision of basic public facilities: roads, sewage and water treatment plants, housing, hospitals, schools, and other fundamentals of community life. While there is a continuing need to upgrade, expand, and repair such facilities, recent studies have shown that these past development efforts have been successful.

These studies have shown that rural communities are far better and more comprehensively equipped with these facilities than was previously thought. The National Rural Community Facilities Assessment Study, commissioned by the U.S. Government in 1978, found that almost all rural communities with populations above 5,500 have public water service, virtually all incorporated rural communities with populations greater than 2,500 are served by wastewater treatment plants, and that nearly all rural communities have easy access to some kind of hospital facility. The 1980 Census of Population and Housing found that while rural housing standards were somewhat lower than urban standards, the differences were much less pronounced if “totally rural” areas⁴ were excluded from the comparison. Further, availability and affordability of rural housing were comparable with those of urban housing.

With this success as a foundation, the challenge for rural development policymakers at all levels is to sort out the consequences of the recent growth and set priorities for the future. Meeting this challenge will require a better understanding of both the similarities and disparities between rural and urban America after the last decade of rural growth, and of the implications of these differences for Federal policies and programs. It is also essential that policymakers understand that the needs of rural communities vary widely, and that decisions for meeting these needs can best be made by each community itself—not by the Federal Government or even by the States.

⁴Those counties in which no place has a population greater than 2,499. In 1980, these counties accounted for about one-third of the nonmetropolitan counties but only 12 percent of the nonmetropolitan population.

Only at the local level do public officials have a genuine understanding of community problems and the local resources available to address them. These leaders serve on the front line, in easy reach of their constituents. They have performed heroically through these years of rapid change.

As *Better Country* noted,

The resourcefulness of the rural official has been especially taxed in the last 10 years, as the challenges to local government have multiplied and diversified along with the population and economic base. Today's rural official is not only a policy-maker but also a budget director, transportation manager, environmental sciences expert, law enforcer, social worker, Federal and State liaison officer, and town planner. In many cases, the rural government official must perform all these duties while holding down a full-time job in the private sector.

Assisting the rural official in the performance of these tasks—rather than directing his work or complicating it with excessive rules and regulations—is the objective of this Administration's rural development strategy.

Meeting that objective requires a greater concentration than ever before on providing technical and managerial assistance to support the leadership and ingenuity of local officials as they wrestle with problems ranging from sewer system improvements to new business development to resource conservation.

Strengthening the rural community thus involves strengthening the rural leader's capacity to lead, and that, in turn, requires the well-coordinated effort of every Federal agency engaged in rural development.

Technical Assistance to Rural Governments. In the 1983 strategy, the need for technical assistance was highlighted. That priority reflected the most frequently expressed view of the group of local officials who shared their ideas as the strategy was developed. This emphasis on technical assistance should continue, and there already exists a reservoir of specialists that can provide it.

A national program will be inaugurated to recruit retired public service employees who will volunteer to work with small and rural communities in their special areas of expertise.

This volunteer effort, to be called the Public Administrators' Rural Technical Assistance (PARTA) Program, will solicit experts in a variety of fields from among the nearly 1.4 million retired Federal employees. Matching PARTA volunteers with rural governments may be done by local, regional, or State organizations, including substate districts, councils of governments, food and agriculture councils, State departments of community affairs, State municipal associations, State associations of coun-

ties, and colleges and universities. Lists of the names, addresses, and skills of PARTA volunteers will be sent upon request to local organizations responsible for recruiting this free expert assistance.

Rural Transportation. Rural America is uniquely dependent on transportation to traverse its long distances, bring its agricultural and other products to market, and connect its residents with such basic services as schools and health care. The dominant mode of transportation in modern rural America is the automobile. Public transit systems are rural rarities.

Maintaining adequate rural roads and bridges is essential not only to accommodating the personal transportation requirements of rural residents but also to supporting such essential rural economic activities as farming, manufacturing, and retail trade.

Rural reliance on automobile and truck transportation has grown steadily for decades. Eighty percent of all U.S. road mileage is in rural America, and the importance of rural roads and bridges increases by the day as other modes of transportation realign their services. In spite of this, there is very little definitive information on the physical and operating conditions of most rural road mileage.

To help improve the rural road system, the Federal Government will, on a pilot project basis, assist States and local governments in developing methods for making comprehensive assessments of local transportation conditions and requirements.

Rural Telephone Service. The Federal Communications Act of 1934 established a national goal of providing universal telephone service at an affordable cost to all Americans. The rationale for universal service has been that telephone service is increasingly valuable to each user as more customers are added to the system. For rural areas, this has meant expanding telephone service from the country store and the doctor's office to each family farm and home.

In 1979, the Department of Commerce reported that 92 percent of American households—including 89 percent of rural households—had basic telephone service. Even the very poorest rural households were estimated to have a 74 percent telephone penetration.

Beyond the traditional uses of telephone service, the new world of computers and advanced telecommunications services can render the rural home an "electronic cottage" capable of data processing and similar enterprises.

A series of recent changes in the telephone industry—deregulation, the breakup of the Bell System, and new rate structures—are likely to have substantial impact on rural, as well as urban, telephone systems.

During the current 1-year moratorium on access charges, the Rural Electrification Administration will conduct a rural impact study to assess the potential effects of changes in the structure of the telephone industry on all rural people and forward the study to the Federal Communications Commission for their review.

Natural Resource Management. In addition to the physical and institutional infrastructure that characterizes the rural community, there are natural resources which count as much and which must be managed as carefully.

The forests, farmlands, and waters of rural America are a source of solace and economic strength for rural natives, and a strong attraction to new residents. A sound conservation and natural resource policy is thus indispensable to a sound rural development policy.

In response to the Soil and Water Resources Conservation Act of 1977, the Department of Agriculture has established erosion control, flood protection, and water conservation as its three major priorities of resource management.

Soil erosion has brought extensive damage and danger to rural roads, bridges, and buildings. It reduces the productive capacity of American agriculture. And it represents a major water pollution problem for the Nation. Siltation from such erosion has reduced the water storage capacity of reservoirs and the flood control capacity of community water removal systems, and it has endangered the health of fish and wildlife.

Flooding, in addition to its threat to life and property, is a major health hazard, carrying contaminants into community water supplies. The competition for water in rural and farming areas and its scarcity in the Western United States make it imperative that water resources be carefully managed and effectively conserved.

To help improve the management and protection of rural natural resources, the Department of Agriculture will spend a greater share of its conservation budget on erosion control, flood protection, and water conservation.

In 1981, USDA directed about 54 percent of its soil and water conservation funds to these three conservation priorities, and 46 percent to all other soil and water conservation activities. By 1987, USDA will be directing 67 percent of its soil and water conservation funds to the national priorities of erosion control, flood protection, and water conservation.

Federal Coordination of the Farmland Protection Policy Act. The Farmland Protection Policy Act is designed to minimize Federal actions which contribute to unnecessary and irreversible conversion of farmland to nonagricultural uses.

To help implement the Farmland Protection Policy Act, the Department of Agriculture will provide technical assistance to other Federal departments and agencies and to local governments assessing the probable consequences of proposed farmland conversion.

Conversion where Federal activity is involved will be evaluated under the new Land Evaluation and Site Assessment (LESA) system, including evaluation of soil quality, agricultural suitability, and other factors at conversion sites.

Volunteers in Resource Conservation. The Secretary of Agriculture has made the participation of rural volunteers in USDA programs a major priority, as described in a May 1983 policy memorandum.

To implement this policy and strengthen local conservation efforts, the Department of Agriculture will encourage greater involvement of young people and other volunteers in rural conservation projects.

The Department will enlist volunteers to help battle erosion and to help solve other natural resource problems. A provision of the Agriculture and Food Act of 1981 has already enabled the Department to enlist volunteer help with field surveys, roadside seeding, revegetation, and conservation education.

Improving the Federal Role. As the chapter on accomplishments described, several important steps have been taken in the past year to bring "New Federalism" to rural America, and to bring a greater sense of "ruralism" to the Federal Government. Building on this foundation, the following additional initiatives are proposed:

To fulfill the mandate of the Rural Development Policy Act of 1980 for USDA coordination of Federal rural development efforts, all Federal agencies whose policies and programs affect rural areas will be asked to submit reports to the Department of Agriculture on their activities relating to rural America.

Departments and agencies will be requested to include information on specific rural policy initiatives and programs, funding levels for these initiatives and programs, and the scope of rural participation in other agency programs.

To help ensure that the rural perspective is addressed in all relevant decisionmaking processes within the Federal Government, a rural affairs staff position will be designated in all appropriate Federal agencies.

These positions will formalize Federal concern that the rural perspective be presented in policy and funding decisions. People so designated will be responsible for representing special rural concerns in agency decisions and for developing programs oriented to rural problems. Such staff functions have already been designated in the Departments of Education and Transportation.

Conclusion

Just as *Better Country* focused on the new challenges which a decade of progress had produced for rural America, *A Partnership for Progress* has sought to suggest new ways of marshalling the economic, political, and creative resources at our command to meet those challenges most effectively.

But in the end, it is not the Federal official, but the rural citizen, who will decide the future of rural America. This resourceful citizen has survived the caprices of weather, long years of economic decline in an increasingly urban nation, and much more with a great deal of success. It would be presumptuous for the Federal Government to tell the rural American how to live, work, or make progress.

Still, it is the responsibility of the Federal Government to treat every citizen—rural or urban—with the same respect and concern. It is the responsibility of the Federal Government to search for constructive ways of supporting the rural citizen and encouraging the progress of rural America without seeking to dictate the terms of that progress to the last detail.

After three years into that effort, this Administration can point with pride to some significant achievements. We must point, as well, to some tremendous challenges that lie ahead for rural America.

There can be no conclusion until rural America is everything it can be, and this Administration pledges to be a faithful and creative partner with the people of rural America in working toward that goal.

Appendix

Analysis of the Fiscal Year 1985 Rural Development Budget

The fiscal year 1985 budget* calls for about \$120.9 billion for development and farm assistance. The rural share of this total amount is almost \$32 billion. Funds are requested for more than 50 programs with varying rural development implications. The programs are administered by about a dozen Federal departments and agencies, usually in both metropolitan and rural areas.

To understand the "rural development budget," each program must be examined and the historic distribution of funds between urban and rural areas determined. Precision is not possible due to the way the figures are collected, but this kind of analysis helps to explain the continuing Federal investment in rural development. Programs in such areas as defense and transfer payments have considerable fiscal effects, but only indirect developmental implications, and are not discussed. The distribution in the analysis is based on data from a comprehensive review of the metropolitan-nonmetropolitan distribution of all Federal spending published by the Economic Research Service (ERS) of the Department of Agriculture, most recently under the title *Federal Funds in 1980*. This ERS study uses data reported by the U.S. Community Services Administration in the *Geographic Distribution of Federal Funds*.

Four areas with clear developmental implications are covered here. These are community and infrastructure development, business and government economic assistance, housing and credit assistance, and "other selected programs," which include revenue sharing and farm assistance programs. Each of these areas will be considered below.

Table 1 shows the fiscal year 1985 budgets for selected development and farm programs, and the estimated nonmetro share of each.

Community and infrastructure development programs account for \$25.1 billion in spending and \$2.4 billion in credit programs, of which \$7.3 billion in spending and \$1.9 billion in credit programs are estimated to be loaned in rural areas (See tables 2 and 3). These programs include aid for transportation; water, sewer, and wastewater treatment; electrical power; communications; and other community facilities. The basic services of communication, transportation service, and an ample supply of clean water are essential to achieve the development potential of rural areas. An inadequacy of these facilities makes an area unsuitable for new manufacturing plants or for expansion of existing enterprises.

*President's proposed fiscal year 1985 budget.

Business and government economic assistance totals \$5.2 billion, with \$1.2 billion going to nonmetro areas. Credit programs are allotted \$3.3 billion, with nonmetro areas receiving \$1.1 billion (See tables 4 and 5). Business and economic assistance includes land management payments, impact aid, payments in lieu of taxes, employment and training assistance, and general business loan guarantees. This category includes payments to compensate local governments for impositions caused by Federal Government ownership of property or activities; and Government loan guarantees to stimulate economic activity.

Direct housing assistance includes grants for Section 8 low-income housing assistance, rent supplement, home ownership and rental housing, and rural rental assistance (See table 6). These programs will total \$6.4 billion in fiscal year 1985, with \$1.5 billion going to rural areas. The bulk of the housing programs are credit programs, which include Federal Housing Administration mortgage insurance, Veterans Administration loan guarantees, public housing loan guarantees, and Farmers Home Administration (FmHA) housing loans. Housing credit programs total \$60 billion, with \$7.3 billion going to nonmetropolitan areas (See table 7). Adequate housing is an essential component of rural development, both to maintain the existing population in rural areas and to attract new residents. A lack of sufficient housing supply or mortgage credit inhibits an area's growth and thwarts future economic development.

The category "other selected programs" totals \$9.1 billion in spending and \$9.6 billion in credit. Of these amounts, nonmetro areas received \$3.9 billion and \$7.6 billion, respectively (See tables 8 and 9). Spending programs include revenue sharing, resource conservation and flood prevention, price supports, and crop insurance. The credit programs include commodity loans, FmHA farm loans, and water development loans. These credit programs, agricultural price supports, and crop insurance contribute to the health of agriculture and therefore promote the rural development process. A healthy agricultural sector is often the base for further rural development. General revenue sharing allows local governments to pursue the development strategy that best suits the unique characteristics of the area. Tables 2 through 9 provide more detail about each of the categories discussed above.

Table 1—President's proposed fiscal year 1985 budgets for selected farm and development programs and estimated rural shares¹

<u>Development programs</u>	<u>FY 1985</u>	<u>Nonmetro share</u>
	Million dollars	
Community and infrastructure development		
Spending programs	25,100	7,371
Credit programs	2,435	1,910
	<u>27,535</u>	<u>9,281</u>
Business and government economic assistance		
Spending programs	5,197	1,236
Credit programs	3,321	1,090
	<u>8,518</u>	<u>2,326</u>
Housing and credit assistance		
Spending programs	6,382	1,504
Credit programs	59,755	7,267
	<u>66,137</u>	<u>8,771</u>
Other selected programs		
Spending programs	9,126	3,872
Credit programs	9,569	7,596
	<u>18,695</u>	<u>11,468</u>
Total selected programs		
Spending programs	45,805	13,983
Credit programs	75,080	17,863
	<u>120,885</u>	<u>31,846</u>

¹See tables 2 through 9 for a listing of programs included.

Table 2—Community and infrastructure development: Selected spending programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<i>Spending program</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>
ARC	Appalachian highway development	80 ³	65	52
DOT	Federal aid to highways	14,645	35	5,126
	Grants-in-aid to airports	987	25	247
	Urban mass transportation aid	2,390 ⁴	1	24
EPA	Wastewater treatment grants	2,400	27	648
HUD	Community development (CDBG)	2,388	1	24
	Small cities program	1,080 ⁵	70	756
	Urban development (UDAG)	440	12	53
Interior	Indian area and regional development operations	485	72	349
TVA	Area and regional development	115	19	22
USDA	Rural water and sewer grants	90	78	70
TOTAL		25,100		7,371

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

³ARC will be terminated in fiscal year 1985. These funds will be administered by DOT.

⁴Includes nonurban formula grants (section 18).

⁵Includes small cities' portion and Secretary's discretionary funds.

Table 3—Community and infrastructure development: Selected credit programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<i>Credit programs</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>
USDA	Water and sewer loans	250	72	180
	Community facility loans	100	73	73
	Rural electrification loans (insured)	500	79	395
	Rural electrification loan guarantees	1,200	79	948
	Rural telephone loans (insured)	75	81	61
	Rural telephone loan guarantees	125	81	101
	Rural telephone loans	185	82	152
TOTAL		2,435		1,910

¹President's proposed fiscal year 1985 Budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Services, U.S. Department of Agriculture.

Table 4—Business and Government economic assistance: Selected spending programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<i>Spending programs</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>
Education	Federal impact aid	507	39	198
Interior	Payments to State and local governments for grazing, oil, and other leases	668	88	588
	Payments in lieu of taxes	105	85	89
Labor	Employment and training assistance	3,611	10	361
USDA	Forest Service payments to State and local governments	306	NA ³	NA
TOTAL		5,197		1,236

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

³NA—data is not available.

Table 5—Business and Government economic assistance: Selected credit programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<i>Credit programs</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>
SBA	General business loan guarantees	2,660	37	984
	Handicapped loan guarantees	5	61	3
	Economic opportunity loan guarantees	60	36	22
	Energy loan guarantees	15	43	6
	Minority enterprise small business investing company loans	41	5	2
	Investment company (SBIC) loan guarantees	190	5	10
	Development company loan guarantees	350	18	63
TOTAL		3,321		1,090

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

Table 6—Housing credit and assistance: Selected spending programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<u>Spending program</u>	<u>Million dollars</u>	<u>Percent</u>	<u>Million dollars</u>
HUD	Section 8 low-income housing assistance, public housing, rent supplement, homeowner-ship and rental housing (sections 235 and 236)	6,266	24	1,504
USDA	521 rental assistance program	116	NA ³	NA
TOTAL		6,382		1,504

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

³NA—data is not available.

Table 7—Housing credit and assistance: Selected credit programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<u>Credit programs</u>	<u>Million dollars</u>	<u>Percent</u>	<u>Million dollars</u>
HUD	Housing loans for the elderly and the handicapped	500	24	120
	FHA mortgage insurance loan guarantees	40,900	8	3,272
	Public housing projects: PHA loan guarantees	1,046	NA ³	NA
USDA	502 low-income housing loans	1,600	76	1,216
	504 very low-income housing repair loans	17	87	15
	514 farm labor housing loans	13	52	7
	515 rural rental housing loans	690	78	538
VA	GI home loans	1	75	1
	GI home loan guarantees	14,988	14	2,098
TOTAL		59,755		7,267

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

³NA—data is not available.

Table 8—Other selected programs: Spending programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<u>Spending programs</u>	<u>Million dollars</u>	<u>Percent</u>	<u>Million dollars</u>
Energy	Energy conservation (grants to States)	14	6	1
Treasury	State-local fiscal assistance (revenue sharing)	4,567	27	1,233
USDA	Federal crop insurance	141	87	123
	Payment-in-kind program	142 ³	NA ⁴	NA
	Price supports and related programs	4,176 ⁵	59	2,464
	SCS watershed and flood prevention	86 ⁶	59	51
TOTAL		9,126		3,872

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

³Includes PIK compensations, storage and handling, transportation, and liquidated damages.

⁴NA—data is not available.

⁵Includes storage, handling, transportation, and direct payments only.

⁶Includes flood control and watershed protection.

Table 9—Other selected programs: Credit programs

Agency	Program	FY 1985 program level ¹	FY 1980 nonmetro share ²	FY 1985 nonmetro share
	<u>Credit programs</u>	<u>Million dollars</u>	<u>Percent</u>	<u>Million dollars</u>
USDA	Farm ownership loans	650	88	572
	Farm operating loans	2,070	87	1,801
	Emergency disaster loans	870	84	731
	Insured soil and water loans	20	92	18
	Guaranteed soil and water loans	6	92	6
	Indian land acquisition loans	4	100	4
	Commodity loans	5,929	75	4,447
	Storage facility and equipment loans	20	86	17
TOTAL		9,569		7,596

¹President's proposed fiscal year 1985 budget.

²Based on *Federal Funds in 1980*, prepared by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.